



STATE OF INDIANA

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To: Life Insurance Companies
Life Insurance Producers
Indiana Consumers

From: Jim Atterholt *J.D.A.*
Commissioner, Indiana Department of Insurance

Re: Senior Protections in Annuity Protections

Date: June 27, 2006

Any producer that sells annuity products in Indiana should review the provisions of Rule 72 regarding suitability standards for selling annuities to consumers over the age of sixty-five (65). The rule becomes effective July 1, 2006.

Rule 72 applies to the solicitation of annuity products to consumers over the age of sixty-five (65). It applies to fixed and variable annuities that are individually solicited, whether the product is classified as an individual or group annuity. Recommendations must be reasonable for the senior consumer based upon the facts disclosed to the producer as to the consumer's investments, other insurance products and the consumer's financial situation and need. The rule requires certain information be gathered and reviewed. Producers must maintain records to support their recommendations. The producer and the insurer must be able to demonstrate the purchaser's suitability in a manner consistent with Rule 72 and the National Association of Securities Dealers' (NASD) conduct standards.

Rule 72 was enacted in response to legislation adopted by the Indiana General Assembly, IC 27-4-9, at the urging of the Indiana Department of Insurance and representatives of the life insurance industry. It recognizes the importance of annuities in addressing the retirement needs of Indiana citizens and the corresponding need to ensure that the sale or exchange of the product is suitable for senior consumers. It is important to note that the burden as to determining suitability does not rest with the consumer purchaser but rather with the insurance producer and the insurance company.

The Department will be carefully monitoring compliance with this new rule, so please familiarize yourself with its requirements. Questions should be directed to the Consumer Protection Unit of the Department at (317) 233-4243 and/or (800) 622-4461.

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

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